

Executive Council

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General programme of work and budget for 2012-2013

(b) Joint report by the Programme Committee and the Committee on Budget and Finance – Part III

1. As indicated in document CE/90/5(b), the Committee on Budget and Finance devoted part of its deliberations to examining the draft budget for the financial period 2012-2013.
2. The joint meeting of the Committees on Programme and Budget and Finance focused its work on the financial and budgetary aspects of the draft.
3. The Secretary-General, the Executive Director of Programme and Coordination and the Director of Administration presented the draft programme of work and budget for the period 2012-2013.
4. The Secretary-General highlighted that the document presented was more integrated than in previous biennia, reflecting two complementary sides: Programme and Budget. This goes in line with the forthcoming merge of the PC and CBF Committees to be submitted to the General Assembly for approval. Many Members expressed their satisfaction regarding this presentation.
5. In relation with the issue of merging PC and CBF, Members raised the issue of the review of technical committees. The Secretariat recalled the decision of the Executive Council endorsing the proposal of PC and CBF Members to have the technical committees reporting to the future Programme and Budget Committee (CE/DEC/4(LXXXIX)). Members therefore highlighted that it would be convenient to establish, before the forthcoming General Assembly session and for all existing and potential technical committees, a clear roadmap regarding their scope, mandate and *modus operandi*.
6. The Executive Director for Programme and Coordination (EDPC) presented the programme of work in the report. He recalled the participative process through a survey among Members for the preparation of the programme of work and the good level of response received from more than half of Member States in order to establish their priorities for the next biennium.
7. He pointed out the basis and guiding principles used in its preparation, as well as the new initiatives which will be progressively integrated in response to Members' needs. He also called attention on the description of the Regional, Operational and Support programmes that constitute the Secretariat.
8. Members reiterated their satisfaction regarding the programme-based presentation of the Programme and Budget document, but expressed their need to also have an additional breaking down estimate of the operational budgets to be used in the different regions of the Organization during the next biennium.

9. Members enquired as to the programme entitled "Themis" and whether any transfer was planned for the entity Themis and for what purpose. The Secretariat clarified that the programme of work "Themis" was the responsible for discharging UNWTO's mandate on education and training. It also added that this programme of work was effectively discharged through "Themis Foundation" to which the UNWTO was one of its patrons, the other being the Government of Andorra. The UNWTO contributes 100,000 Euros on an annual basis for the support of Themis operations, contribution which is topped with additional amounts for the development of "practicum". It was also said that thanks to this agreement, the budget for education and training was now budgeted as 440,000 Euros for the period 2012-2013, in 2010-2011 the budgeted amount was 479,000 Euros, in 2008-2009 it was 970,000 Euros and in 2006-2007 it was 1,221,000. In conclusion the Secretariat said that this formulation appeared to be very cost-effective. If cooperation with Themis were not approved, either UNWTO's programme of work on education and training might have to be nearly cancelled or would have a major impact on reducing other UNWTO's programme of work activities.

10. The Director of Administration presented the second part of the report EC/90/6(a), highlighting that, as stated in the White Paper, the Secretariat will continue its efforts of modernization in view of achieving higher efficiency. He also recalled that UNWTO is part of the UN System, which allows a higher visibility of tourism in the UN agenda, while it requires more strict regulations.

11. PC and CBF Members suggested the Secretariat to continue with its efforts in controlling costs, notably by reducing travel costs through greater use of e-communication tools. The Secretariat is actively working in this direction: a new video conference room has been installed and the rewiring of the building will be implemented in order to support the higher flow of information through the internet resulting from the use of communication software at each working desk and hereby reducing costs.

12. The Committee took note of the new programme-based structure of the budget distributed among regional, operational and support programmes, in comparison with the previous structure approved by the General Assembly for the 2010-2011 budget which was composed of four parts: programme of work, governing organs, support services and provisions.

13. The Committee verified that the new programme-based structure was presented by the Secretary-General at the 89th Executive Council and was approved by decision CE/6(LXXXIX); and that the previous structure has already been replaced by the new one in the budget for financial years 2010 and 2011, as well as in the corresponding financial administration reports.

14. Then, the Committee proceeded to study the detailed information on the cost figures appearing in the Tables of document CE/90/6(a).

15. The Committee expressed its satisfaction over the Secretary-General's proposal to present a budget for the biennium 2012-2013 with zero nominal growth with respect to the budget of the previous biennium.

16. The Committee was aware of the loss of purchasing power of the budget during a period of six years as a consequence of keeping the budget frozen in nominal terms since the biennium 2008-2009, and expressed its gratitude to the Secretary-General for the effort made in improving the efficiency of the Organization despite having less resources in real terms, and took note of the pernicious effects this zero-nominal-growth policy would have for the future of the Organization's programme of work if it is prolonged beyond 2013.

17. The Committee noted that the inflation level expected for the biennium 2012-2013 would be around 2.0% per annum, taking into account the inflation forecasts for Spain established by the International Monetary Fund (IMF), and current data from Spain's National Statistics Institute (INE). The Committee observed that, although the increase in the programme budget remained at the same level

in nominal terms as the budget for 2010-2011, in real terms it was a decrease of -4.0 per cent, because the increase in the consumer price index (CPI) forecast for 2012-2013 was 2.0 per cent per year (EUR1,000,000 approx.)

18. The Committee studied the programme and budget proposals for 2012-2013, drawn up in Euros in accordance with resolution 433(XIV) of the General Assembly. These proposals amounted to EUR25,200,000, which is the same amount as the one approved for 2010-2011.

19. The Committee agreed to the total budgetary income proposed, and its funding sources, amounting to EUR25,200,000 and covering the entirety of the projected budgetary expenditure.

20. The Committee took note of the report of the Secretary-General on the assessment of Member's contributions for the period 2012-2013 and recommended the Executive Council to adopt the proposed scale of contributions for 2012-2013 as modified to reflect the increase in the number of Member States and that in the budget, as foreseen in resolution 404(XIII), and which represents zero nominal growth in individual country contributions with respect to 2011, except when required by technical changes in the class situation of individual country cases and of 2.0% in 2013 with respect to 2012, which likewise include the inflation projections reflected in Annex (b) of this document.

21. The Committee observed that, in accordance with the formula used for calculating the contributions of Member States [resolution 404(XIII)], UNWTO has used the same economic and population statistical averages adopted by the United Nations to determine the contributions of its own Members;

22. Taking into account that the level of the budget for 2012 and 2013 will be of 25,200,000 Euros, recommends the Executive Council that the budgetary income approved for the next period should be provided by the contributions of the Full and Associate Members in the amounts of 11,358,943 Euros for 2012, and 11,659,363 Euros for 2013, and that the balance to be financed should be covered by the contributions of the Affiliate Members and the other sources of funding referred to in the corresponding document.

23. The Committee agrees that, in accordance with resolution A/RES/526(XVII), the contributions of the Associate Members be divided into two separate categories, each being 10% lower than the contribution of the Full Members in groups 13 and 9 respectively.

24. Also recommends the Executive Council to maintain the contribution of the Affiliate Members at 2,400 Euros per year for the period 2012-2013.

25. After the debate on the Draft Programme of Work and budget for the period 2012-2013, the Members of both Committees approved the proposed income and expenditure budget, as well as the list of programmes, with the following requirements:

- Additional information regarding the technical committees and how they contribute to the programme of work of the Organization;
- Budget allocation estimate in the different regions during the next biennium.
- Adjust income and / or expenditure as appropriate should any Member join or leave the Organization.

26. The Secretariat is responding to the first two above-mentioned requests by submitting an addendum for the consideration of the Members of the Executive Council.

27. It is noted that the Programme Budget does not include extrabudgetary funds which, in fact, reinforce the resources and thus the activities of the Organization, specially on the subject of technical cooperation.

28. It further recommended the Executive Council to propose to the General Assembly that it request the Secretary-General to execute the programme of work and budget for 2012-2013 according to income received establishing a plan of expenditure for that purpose and keeping with the established practice that had proved satisfactory.

29. The next joint PC-CBF meeting will be held on 8 October 2011, in the framework of the General Assembly.